

Comparison of State Workers' Compensation Programs

Preliminary Results

Texas Department of Insurance
Workers' Compensation Research Group

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Purpose of This Analysis

- To compare the medical and indemnity costs associated with each of the state's self-insured workers' compensation programs

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The State's WC programs include:

- State Office of Risk Management (SORM)
- University of Texas System (UT)
- Texas A&M University System (A&M)
- Texas Department of Transportation (TXDOT)

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Three areas of focus for this analysis:

- Median workers' compensation medical cost per claim
- Median Temporary Income Benefit (TIBs) cost per claim
- Median TIBs duration per claim

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Data Sources

- Texas Workers' Compensation Commission (TWCC) medical database
- SORM medical data
- TWCC benefit database

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Workers' compensation medical and income benefit cost comparisons presented here:

- for all injuries; and
- for low back soft tissue injuries (i.e., low back strains/sprains).

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Methods

- TDI first grouped all diagnoses into diagnostic “buckets” according to a methodology prescribed by the American College of Occupational and Environmental Medicine (ACOEM).
- A distribution of each of these diagnostic buckets was then run for SORM, UT, A&M, and TXDOT to identify the most frequent injury types.
- TDI then calculated the mean (average) and median (50th percentile) medical cost and TIBs cost for all injuries and for low back soft tissue injuries (the most frequent type of injury for SORM, UT, A&M and TXDOT).

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Methods, *continued*

- Medical costs were calculated for injury years 1999-2001 at twelve months post-injury to ensure that all claims included in the analysis have the same claim maturity.
- TIBs costs were calculated for injury years 1999-2001 with no cut-off applied since TIBs are statutorily capped at 104 weeks from the date disability began.
- In an effort to expand the usefulness of this analysis, medical costs for all state WC programs were compared with each other and with all other private and public workers’ compensation insurers (i.e., “other” category).

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Caveats

- The medical costs presented here do not include pharmacy costs because TWCC does not collect pharmacy data.
- Medical and income benefit costs cannot be analyzed for specific injuries, other than low back soft tissue injuries, because of the relatively small numbers of WC claims for each of the state WC programs.
- State WC income benefit costs cannot be easily compared with all other private and public insurers because of statutory sick and annual leave provisions for state employees.

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Caveats, *continued*

- Analyzing medical and income benefit data by diagnostic groups helps to control for injury severity, but some injury severity differences can occur even within diagnostic groups.
- The mean and the median are presented for both the medical cost and income benefit cost comparisons, but the median provides a better platform for comparisons since a few high cost injuries can skew the mean.

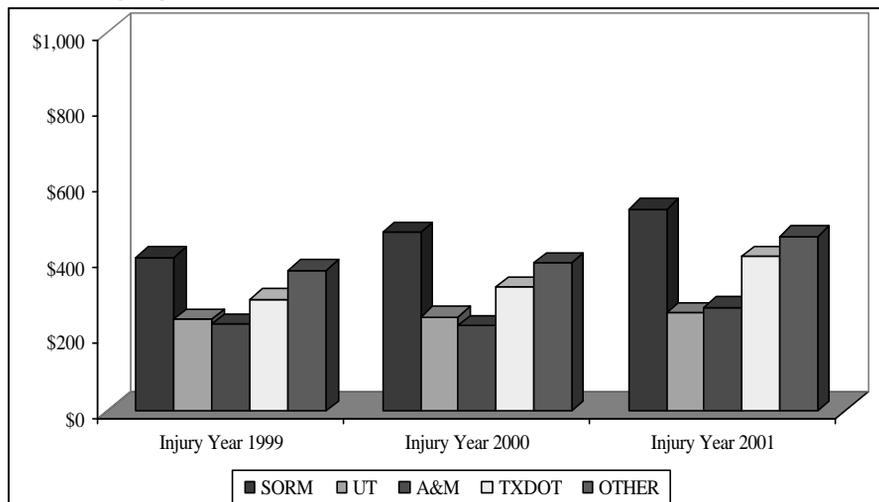
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Caveats, *continued*

- The medical cost findings presented here come from two separate data sources: TWCC and SORM. As a result, these findings should be considered preliminary until additional analyses can be performed using updated TWCC data.
- Additional data validation may be necessary to ensure that all insurance carriers report medical and income benefit data to TWCC.

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Median Workers' Compensation
Medical Costs per Claim - All Injuries
Injury Years 1999-2001 (12 Months Post Injury)



Source: Texas Department of Insurance Workers' Compensation Research Workgroup, 2004.

Note: "Other" represents all other private and public workers' compensation insurance carriers. 12

**Mean (Average) and Median Workers' Compensation
Medical Costs per Claim - All Injuries
Injury Years 1999-2001 (12 Months Post Injury)**

State Workers' Compensation Program	1999		2000		2001	
	Mean	Median	Mean	Median	Mean	Median
SORM	\$2,632	\$406	\$2,744	\$469	\$3,030	\$532
UT	\$1,356	\$242	\$1,727	\$247	\$1,511	\$258
A&M	\$1,171	\$227	\$1,503	\$225	\$1,487	\$273
TXDOT	\$1,773	\$294	\$2,080	\$327	\$1,940	\$407
OTHER	\$2,634	\$372	\$2,494	\$392	\$2,850	\$461

Source: Texas Department of Insurance Workers' Compensation Research Workgroup, 2004.

Note: "Other" represents all other private and public workers' compensation insurance carriers.

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**Distribution of Total Workers' Compensation Medical
Costs by Injury Type – Injury Year 2000
(12 Months Post Injury)**

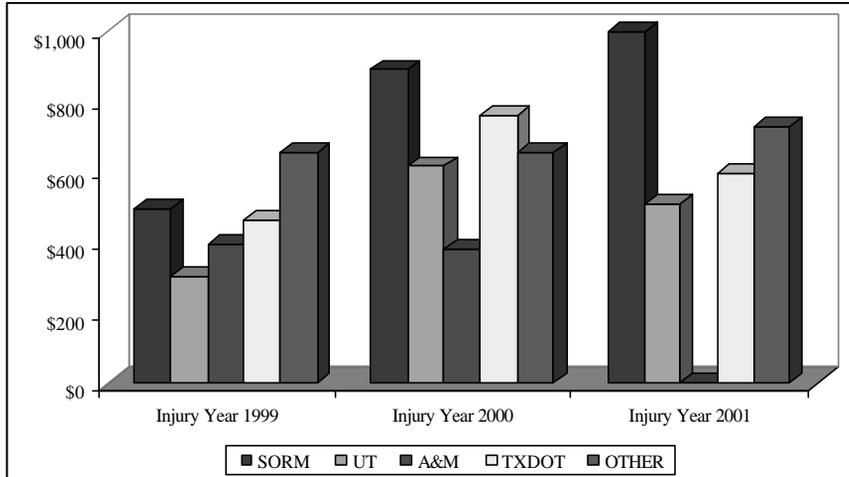
Type of Injury	SORM	UT	A&M	TXDOT	OTHERS
Ankle & Foot Soft Tissue Injuries	2.4%	2%	1.4%	1.9%	1.9%
Hand & Wrist Nerve Compression Injuries	3.6%	2.7%	3.0%	1.6%	3.9%
Hand & Wrist Soft Tissue Injuries	2.6%	3.3%	2.9%	1.8%	2.8%
Hand & Wrist Superficial Trauma Injuries	1.7%	1.7%	3.1%	1.9%	2.9%
Knee Internal Derangement Injuries	6.0%	3.4%	7.4%	6.9%	4.4%
Low Back Nerve Compression Injuries	7.8%	4.9%	4.5%	5.5%	7.3%
Low Back Soft Tissue Injuries	15.3%	14.9%	16.5%	19.1%	16.4%
Multiple Body Parts – Soft Tissue Injuries	1.5%	2.0%	1.1%	0.7%	1.8%
Neck Soft Tissue Injuries	6.7%	4.3%	4.0%	7.4%	7.0%
Shoulder Soft Tissue Injuries	7.3%	8.1%	4.9%	2.3%	7.9%
Other Injuries	45.1%	52.8%	51.3%	51.0%	43.7%

Source: Texas Department of Insurance Workers' Compensation Research Workgroup, 2004.

Note: "Other" represents all other private and public workers' compensation insurance carriers.

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Median Workers' Compensation Medical Costs per Claim - Low Back Soft Tissue Injuries Injury Years 1999-2001 (12 Months Post Injury)



Source: Texas Department of Insurance Workers' Compensation Research Workgroup, 2004.

Note: The median medical cost for Texas A&M in injury year 2001 needs further review before it can be reported. "Other" represents all other private and public workers' compensation insurance carriers. 15

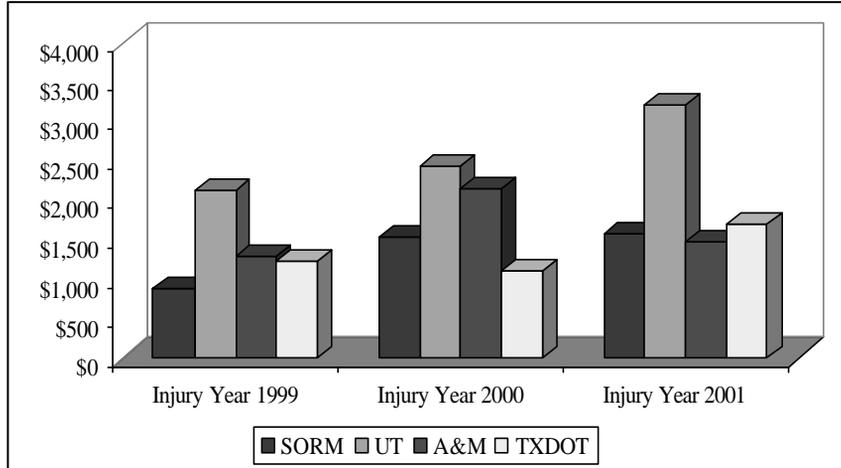
Mean (Average) and Median Workers' Compensation Medical Costs per Claim – Low Back Soft Tissue Injuries Injury Years 1999-2001 (12 Months Post Injury)

State Workers' Compensation Program	1999		2000		2001	
	Mean	Median	Mean	Median	Mean	Median
SORM	\$2,365	\$407	\$3,173	\$892	\$4,052	\$1,172
UT	\$1,560	\$302	\$2,018	\$618	\$1,940	\$510
A&M	\$1,815	\$396	\$1,951	\$383	*	*
TXDOT	\$2,025	\$464	\$2,413	\$761	\$2,046	\$596
OTHER	\$2,688	\$655	\$2,933	\$658	\$3,311	\$728

Source: Texas Department of Insurance Workers' Compensation Research Workgroup, 2004.

Note: The median medical cost for Texas A&M in injury year 2001 needs further review before it can be reported. "Other" represents all other private and public workers' compensation insurance carriers. 16

Median TIBs Payments per Claim All Injuries-Injury Years 1999-2001



Source: Texas Department of Insurance Workers' Compensation Research Workgroup, 2004.

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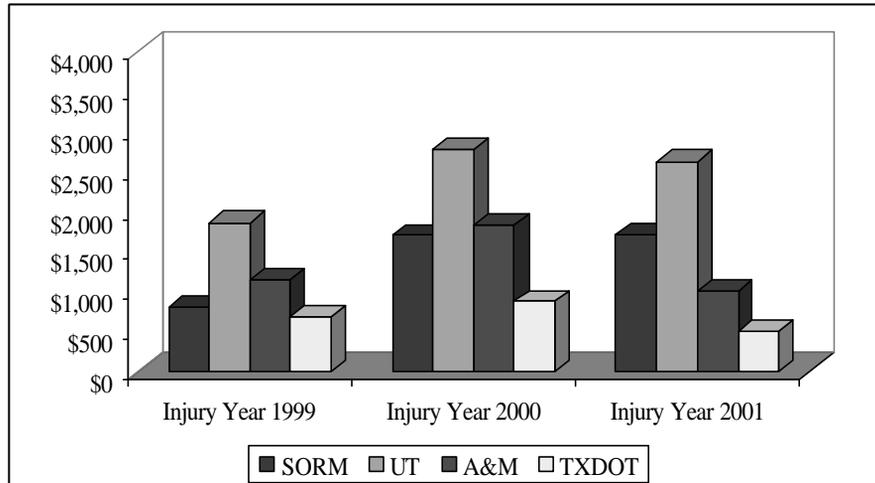
Mean (Average) and Median TIBs Payments per Claim - All Injuries Injury Years 1999-2001

State Workers' Compensation Program	1999		2000		2001	
	Mean	Median	Mean	Median	Mean	Median
SORM	\$4,053	\$892	\$4,932	\$1,527	\$5,152	\$1,569
UT	\$4,911	\$2,124	\$6,897	\$2,427	\$6,066	\$3,193
A&M	\$2,969	\$1,286	\$5,802	\$2,141	\$2,661	\$1,479
TXDOT	\$3,911	\$1,222	\$3,436	\$1,114	\$3,574	\$1,680

Source: Texas Department of Insurance Workers' Compensation Research Workgroup, 2004.

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Median TIBs Payments per Claim Low Back Soft Tissue Injuries Injury Years 1999-2001



Source: Texas Department of Insurance Workers' Compensation Research Workgroup, 2004.

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Mean (Average) and Median TIBs Payments per Claim- Low Back Soft Tissue Injuries - Injury Years 1999-2001

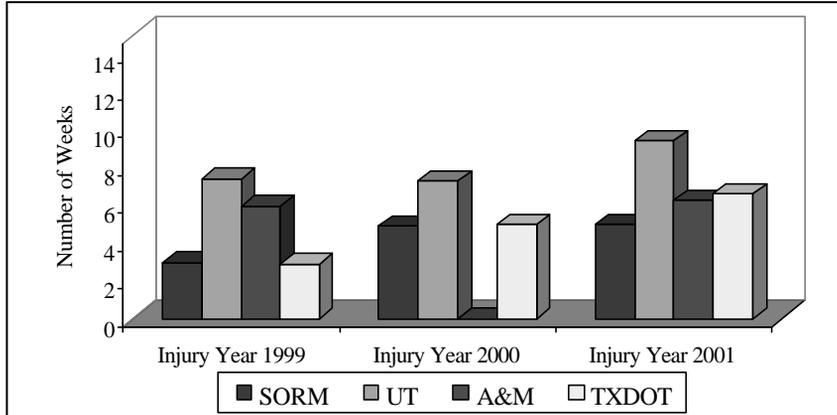
State Workers' Compensation Program	1999		2000		2001	
	Mean	Median	Mean	Median	Mean	Median
SORM	\$4,373	\$805	\$5,634	\$1,702	\$5,631	\$1,714
UT	\$4,513	\$1,860	\$6,028	\$2,780	\$6,048	\$2,627
A&M	\$4,131	\$1,148	*	\$1,830	\$2,699	\$1,003
TXDOT	\$2,754	\$683	\$2,085	\$874	\$1,744	\$499

Source: Texas Department of Insurance Workers' Compensation Research Workgroup, 2004.

Note: The mean TIBs payments for Texas A&M in injury year 2000 needs further review before it can be reported.

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Median TIBs Duration per Claim All Injuries-Injury Years 1999-2001



Source: Texas Department of Insurance Workers' Compensation Research Workgroup, 2004.

Note: The median TIBs duration for Texas A&M in injury year 2000 needs further review before it can be reported.

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Mean (Average) and Median TIBs Duration per Claim- All Injuries Injury Years 1999-2001

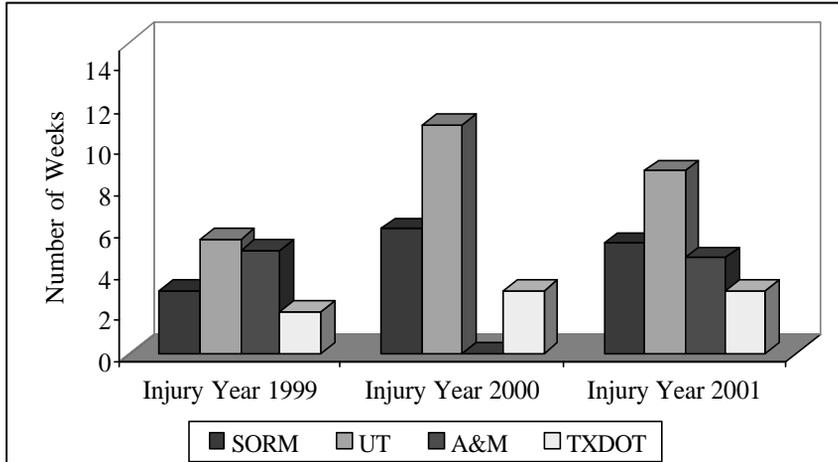
State Workers' Compensation Program	1999		2000		2001	
	Mean Weeks	Median Weeks	Mean Weeks	Median Weeks	Mean Weeks	Median Weeks
SORM	13.4	3	15.2	4.9	14.9	5
UT	15.4	7.4	20.1	7.3	17.9	9.4
A&M	11.7	6	*	*	10.2	6.3
TXDOT	11.4	2.9	10.0	5	12.6	6.6

Source: Texas Department of Insurance Workers' Compensation Research Workgroup, 2004.

Note: The mean and median TIBs duration for Texas A&M in injury year 2000 needs further review before it can be reported.

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Median TIBs Duration per Claim Low Back Soft Tissue Injuries Injury Years 1999-2001



Source: Texas Department of Insurance Workers' Compensation Research Workgroup, 2004.

Note: The median TIBs duration for Texas A&M in injury year 2000 needs further review before it can be reported.

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Mean (Average) and Median TIBs Duration per Claim - Low Back Soft Tissue Injuries Injury Years 1999-2001

State Workers' Compensation Program	1999		2000		2001	
	Mean Weeks	Median Weeks	Mean Weeks	Median Weeks	Mean Weeks	Median Weeks
SORM	14.6	3	17.9	6	15.9	5.3
UT	14.9	5.5	19.9	11	16.3	8.8
A&M	15.1	5	*	*	10.8	4.6
TXDOT	10.2	2	7.5	3	7.7	3

Source: Texas Department of Insurance Workers' Compensation Research Workgroup, 2004.

Note: The mean and median TIBs duration for Texas A&M in injury year 2000 needs further review before it can be reported.

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Summary

- For the same types of injuries, SORM appears to have higher workers' compensation medical costs per claim than UT, A&M and TXDOT and in most cases all other private and public insurers.
- For the same types of injuries, UT appears to have higher TIBs cost per claim and longer TIBs durations than SORM, A&M and TXDOT.
- Further analysis is needed to determine what is driving medical costs and income benefit costs for state WC programs.

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Future Analyses

To better understand what factors are driving medical and income benefit costs, TDI plans to examine for each state WC program:

- Medical treatment utilization patterns;
- Negotiated discounts off the TWCC fee guideline;
- Geographic differences in medical costs;
- The distribution of medical costs by health care specialty;
- The growth of medical costs over time in relation to medical inflation rates;
- Wage differences for injured workers in each state WC program; and
- The use of sick and annual leave by state employees to fully understand state employee return-to-work patterns.

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